SEC Form 4

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person[*]	2. Issuer Name **and** Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
MORFITT MARTHA A M	GRACO INC [ggg]	X Director 10% Owner
(Last) (First) (Middle)	3. Date of Earliest Transaction (Month/Day/Year)	Officer (give title below) Other (specify below)
88 - 11TH AVENUE NE	01/01/2004	
(Street)	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line)
MINNEAPOLIS MN 55413	01/05/2004	X Form filed by One Reporting Person
(City) (State) (Zip)		Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Phantom Stock Units	(1)	11/05/2003		J		14.036		(1)	(1)	Common Stock	14.036	$38.7177	6,597.93[(3)]	D	
Phantom Stock Units	(2)	01/01/2004		A		180.8		(2)	(2)	Common Stock	180.8	$40.1	6,778.73[(3)]	D	

Explanation of Responses:

1. Dividends on the accrued phantom stock units were credited under the Graco Inc. Nonemployee Director Stock Plan and are to be settled 100% in Graco common stock in a lump sum or installments upon reporting person's termination of service on the Board.

2. The phantom stock units were accrued under the Graco Inc. Nonemployee Director Stock Plan and are to be settled 100% in Graco common stock in a lump sum or installments upon reporting person's termination of service on the Board.

3. Due to a technical error in third party reporting software, the number of derivative securities reported in Column 9 ("Number of derivative Securities Beneficially Owned Following Reported Transaction(s)") was incorrectly stated on the original Form 4.

Kristen C. Nelson for Martha A.M. Morfitt   02/02/2004

** Signature of Reporting Person   Date